JOZINI MUNICIPALITY DRAF ANNUAL BUDGET REPORT

SECTION 16 OF THE MFMA

2020-2021

Circle Street, Bottom Town, Jozini 3969

Tel: 035 572 1292

Fax: 035 572 1266

E-Mail: municipalmanager@jozini.gov.za

Website:www.jozini.gov.za

TABLE OF CONTENT

PART 1-DRAFT ANNUAL BUDGET

1.1 Introduction

1.2 Mayors Report

1.3 Executive Summary

1.4 Draft Annual Budget tables

PART 2 -SUPPORTING DOCUMENTS

2.1 Overview on Draft Annual Budget process

2.2 Overview of Alignment of Draft Annual Budget with Integrated Development Plan

2.3 Measurable Performance Objectives and Indicators

2.4 Overview of Draft Budget related policies

2.5 Overview of Draft Budget Assumptions

2.6 Overview of Draft Budget Funding

2.7 Expenditure on Allocations and grant programme

2.8 Allocations and grants made by the Municipality

2.9 Councillors Allowances and Employee benefits

2.10 Monthly Targets for revenue, Expenditure and Cashflow

2.11 Annual Budget and Service Delivery and Budget Implementation internal Departments

2.12 Contracts having Future Budgetary Implications

2.13 Capital Expenditure details

2.14 Legislation Compliance status

2.15 Other Supporting Documents

2.16 Conclusion

2.17 Municipal Manager quality Certificate

PART 1-DRAFT ANNUAL BUDGET

1. INTRODUCTION

The Jozini Local Municipality is a Category B municipality located within the uMkhanyakude District in northern KwaZulu-Natal, and borders Swaziland and Mozambique. It is one of four municipalities in the district, making up a quarter of its geographical area.

1.1 PURPOSE

The sole purpose of this report is to present to the council of Jozini Local Municipality the 2020/2021 Draft Annual budget as per section 16 of the MFMA

2. BACKGROUND

Section 16 of the MFMA state that:

Annual budgets. — (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

(3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a

separate appropriation is made for each of those financial years.

1.2 Mayors Report

Honourable Speaker, Deputy Mayor, Chief Whip and all Parties Whips, our distinguished *AmaKhosi* representing the House of Traditional Leaders in Jozini, Honourable Councillors of Jozini Municipal Council, The Municipal Manager and his Management Team, Auditor General Representatives and the citizens of the Jozini Municipal area. I would like to express a hearty warm welcome to you all and express my warm wishes to you and your families for 2021.

Hon. Members let me take this time to reflect on the extreme situation which our country found itself in recently. By then Jozini Municipality was about to table our 2020-21 Draft Budget which couldn't occur, the situation required that we all hold hands to implement extraordinary measures tabled by our President Cyril Ramaphosa and his Cabinet. our country had to enter into an unprecedented nation-wide lockdown to contain the spread of Corona Virus Pandemic (COVID -19) which was declared as a State of National Disaster, this happened after all stakeholders were consulted. In following National Regulations Jozini had to embark in work as unusual which included redirecting our 2019-20 Budget towards curbing the spread of the virus to Jozini community, which yielded some positive results as we were sitting at 21 cases which subsequently got cured and we are cleared as uMkhanyakude District.

With a hope that by the time we implement our 2020-21 Budget our country will be sitting at a very promising level as it is sitting at level 4, being a lockdown where the economic activities has begun to operate, which is then stipulated into systems tabled by our honourable president, we opt to table our Draft Budget with the following prioritised projects that would improve lives of people of Jozini.

- Construction of Manyiseni Youth Centre for R7m,
- Construction of Mtshakela/ Ekulingeni Access Road for R3m,
- Ezinhlalavini Access Road R3m,
- Cezwana Youth Centre R3m,
- Emthonjeni Sports Field R1m,
- Sidakeni Sports Field R1m,
- Upgrade of Jozini Municipal Offices R3.3m,
- Empileni Community Hall R3m, KwaMbusi Community Hall R3m,
- KwaPhaweni Community Hall R2m,
- Nhlangano Community Hall R2m,
- Onaleni Community Hall R1m,
- Phokweni Community Hall R4m,

- Eziphosheni Community Hall R1m
- Msiyane Sports Complex R1m
- Ubombo Sports Field R1m
- Sinethezekile Sports Field R1m
- Madeya Community Hall R1m

Electrification projects:

- Maqonjwana Electrification R2m,
- KwaQondile Electrification R4m,
- Mkuze Wamanzi/ Mshophi Electrification R1m and
- Nhlangano Electrification.

Never, never will again our rural people perish under the trees and scorching sun when they want to meet. I hope and trust that if only the people of Jozini can 'Trust Us' with one more term, the change in the lives of the people will forever be lasting in their minds and memories. No one doesn't know that we have acute challenge in accessing town in Jozini, hence we are in serious talks with many stake holders to construct the by-pass which will ease the traffic congestion in the main road cutting through the town of Jozini.

Poverty alleviation projects will increase to 18 million with each ward allocated R1m subject to a condition that a ward did not exceed its 2019-20 budget, should that be the case; exceeded wards will have their extra cost apportioned against 2020-21.

Again, Jozini Municipality has set aside R8.7m to cater for repairs and maintenance of its facilities and roads, this is of course below the norm of 8 percent, which equates to around R20m, but this will be made up for by the fact that some work will be done internally, using new equipment to be acquired.

As a Local Municipality with very limited resource, urge private sector to contribute to the poor and vulnerable as they have a social responsibility to better lives of the entire society. In those few words I thank you.

Let us get up and quicken service delivery more than before. I therefore commit before you our 2020-21 Draft Budget of **R329 405 000.00**.

I thank you.

1.2.2 Council Resolutions

On 15th of May 2020, the Council of Jozini Local Municipality met to adopt the Draft Annual budget of the municipality for the financial year 2020/21. The Council will approve and adopt the following resolutions:

1. the Adopted Draft Multi-Year Medium Term Revenue and Expenditure Framework (MTREF) of the municipality for the Financial Year 2020/21 and indicative for the projected outer years 2021/22 and 2022/23 be approved as set out in the Draft Annual Budget Report and in the Draft Annual Budget tables A1 - A10

2. the 2020/21 Draft Medium Term Revenue and Expenditure Framework aligned with the IDP's Developmental Objectives and Goals and the Municipal Regulation on Standard Chart of Accounts (mSCOA) (Government Gazette 37577 dated 22 April)

1.3 Executive Summary

Consolidated Summary

KZN272 Jozini - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Total Revenue (excluding capital transfers and contributions)	246 032	246 455	246 455	246 455	258 293	270 174	282 603
Total Expenditure	235 059	245 082	245 082	245 082	252 250	264 926	278 227
Surplus/(Deficit)	10 972	1 372	1 372	1 372	6 043	5 248	4 375

KZN272 Jozini - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates	–	24 278	18 443	31 523	27 620	27 620	27 620	29 077	30 414	31 814
Service charges	(0)	3 592	2 462	3 147	3 726	3 726	3 726	3 726	3 897	4 076
Investment revenue	–	3 228	3 547	3 500	4 270	4 270	4 270	4 270	4 467	4 672
Transfers recognised - operational	–	169 628	134 575	195 128	193 828	193 828	193 828	206 316	215 807	225 734
Other own revenue	–	11 731	12 155	12 734	17 011	17 011	17 011	14 904	15 590	16 307
Total Revenue (excluding capital transfers and contributions)	(0)	212 456	171 181	246 032	246 455	246 455	246 455	258 293	270 174	282 603
Employee costs	–	80 712	68 447	87 774	93 533	93 533	93 533	93 533	97 835	102 335
Remuneration of councillors	–	13 826	10 303	14 832	14 836	14 836	14 836	14 819	15 500	16 213
Depreciation & asset impairment	–	15 732	11 689	18 000	15 733	15 733	15 733	15 733	16 456	17 213
Finance charges	–	1 134	–	–	1 750	1 750	1 750	1 750	1 831	1 915
Materials and bulk purchases	–	50	101	120	102	102	102	200	531	878
Transfers and grants	–	20 549	14 904	14 000	17 579	17 579	17 579	18 840	19 706	20 613
Other expenditure	–	87 834	59 220	100 334	101 551	101 551	101 551	107 376	113 067	119 060
Total Expenditure	–	219 838	164 665	235 059	245 082	245 082	245 082	252 250	264 926	278 227
Surplus/(Deficit)	(0)	(7 382)	6 517	10 972	1 372	1 372	1 372	6 043	5 248	4 375
Transfers and subsidies - capital (monetary allocations) (Na	–	36 687	21 398	37 394	37 394	37 394	37 394	60 760	63 555	66 478
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(0)	29 305	27 915	48 366	38 766	38 766	38 766	66 803	68 803	70 854
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(0)	29 305	27 915	48 366	38 766	38 766	38 766	66 803	68 803	70 854
Capital expenditure & funds sources										
Capital expenditure	28 002	(12 590)	22 304	41 330	41 464	41 464	41 464	70 567	74 223	78 070
Transfers recognised - capital	(7 087)	(5 030)	20 891	30 394	29 509	29 509	29 509	66 803	68 803	70 854
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	4 605	1 996	462	1 366	6 730	6 730	6 730	–	–	–
Total sources of capital funds	(2 482)	(3 034)	21 353	31 760	36 239	36 239	36 239	66 803	68 803	70 854
Financial position										
Total current assets	(30 552)	24 281	5 047	31 059	(220 255)	(220 255)	23 165	111 881	117 807	124 047
Total non current assets	169	(169)	(273)	(267)	(229)	893	1 062	342 957	361 095	380 798
Total current liabilities	(19 627)	(9 861)	(190)	(16 689)	(20 157)	(20 157)	–	98 492	103 627	109 031
Total non current liabilities	–	–	–	–	–	–	–	1 000	1 054	1 111
Community wealth/Equity	(16 725)	(67)	6 319	(313 774)	(292 169)	(292 169)	2 394	355 347	374 221	394 703
Cash flows										
Net cash from (used) operating	–	76 143	48 261	105 440	84 026	93 405	93 405	81 031	87 842	92 048
Net cash from (used) investing	28 002	(12 590)	22 304	41 330	41 464	41 464	41 464	(70 567)	(65 403)	(68 411)
Net cash from (used) financing	–	–	–	–	–	–	(37 312)	–	–	–
Cash/cash equivalents at the year end	28 002	63 553	70 565	146 770	125 490	134 870	97 558	38 301	60 741	84 378
Cash backing/surplus reconciliation										
Cash and investments available	(42 809)	25 063	(1 408)	30 211	(236 103)	(236 103)	808	27 837	29 340	30 924
Application of cash and investments	–	460	(3 734)	(669)	(9 347)	(11 971)	(16 888)	9 968	5 606	5 684
Balance - surplus (shortfall)	(42 809)	24 603	2 326	30 880	(226 756)	(224 132)	17 696	17 869	23 734	25 240
Asset management										
Asset register summary (WDV)	8 060	16 275	(11 454)	(9 186)	68 501	402 183	402 183	90 715	94 888	99 253
Depreciation	1 554	0	2	15 524	–	–	–	–	18 000	15 929
Renewal and Upgrading of Existing Assets	17 983	(7 773)	1 242	8 902	3 110	3 110	3 110	8 588	8 983	9 396
Repairs and Maintenance	–	4 027	678	1 000	4 427	4 427	4 427	8 200	8 577	8 972

The Municipal total Revenue has increase by 4.5 percent which is **R11.8** million when comparing to the Adjustment budget of **R246** million of 2019_20 financial year and the two outer years revenue is **R270** million and **R282** million

. The total revenue does not include the transfers Capital of **R46.7** million for Municipal Infrastructure grant **(MIG**) for 2020_21Financial Year and **R40.1** million and **R42.3**million for outer years. The Municipality is also allocated Electrification grant of R14 Million for 2020-21,15 Million and 10 Million for outer years.

1.3.1 Operating Revenue Framework

The Jozini Municipality requires sustainable revenue streams in order to improve the lives of its citizens. The Municipality must continuously review revenue management processes to ensure that revenue is protected and the municipality has an ability to maximize the revenue generating potential of all revenue sources through adequate and effective controls and allow for investment opportunities that will accelerate economic growth in the Municipality.

In light of the above, revenue was prepared taking into cognisance the constrained economy which compels projected revenue growth to be more consecutive and to minimise the impact on lower income households.

The municipality's revenue strategy is built around the following key components:

• National Treasury's guidelines and macroeconomic policy;

• Growth in the Municipality and continued economic development;

• Efficient revenue management, which aims to ensure an above **58** per cent annual collection rate for property rates and other key service charges;

• The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA); and

• The municipality's Indigent Policy and rendering of free basic services and subsidized services to both the destitute and poor consumers.

KZN272 Jozini - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	–	24 278	18 443	31 523	27 620	27 620	27 620	29 077	30 414	31 814
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	(0)	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	3 592	2 462	3 147	3 726	3 726	3 726	3 726	3 897	4 076
Rental of facilities and equipment		–	816	570	863	849	849	849	849	888	929
Interest earned - external investments		–	3 228	3 547	3 500	4 270	4 270	4 270	4 270	4 467	4 672
Interest earned - outstanding debtors		–	7 649	8 814	10 000	11 059	11 059	11 059	11 059	11 568	12 100
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	1 325	930	114	1 501	1 501	1 501	114	119	124
Licences and permits		–	1 159	896	1 270	2 395	2 395	2 395	2 395	2 505	2 620
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		–	169 628	134 575	195 128	193 828	193 828	193 828	206 316	215 807	225 734
Other revenue	2	–	781	944	488	1 207	1 207	1 207	488	510	534
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		(0)	212 456	171 181	246 032	246 455	246 455	246 455	258 293	270 174	282 603

Property Rates: The property rates billing is expected to increase to at least R29 Million. The property rates increased by 5% when comparing to current financial year.

Service Charges-Refuse: The budget for refuse is R3.7 million. The Municipality is working on improving the service and address the complaints that customers are raising. The Municipality has held meetings with refuse collection customers and are taking their views seriously. We are however contemplating an increase in tariffs because of fuel costs that are always on the rise. There are instances where in terms of billing we are collecting 6 times a week whereas the refuse collection team is only collecting once and we have therefore adjusted down revenue.

Rental of Facilities and equipment: The rental is in terms of lease agreements that we have with government departments which are using the Thusong centre. The budget for rent is R849 thousand.

Interest on external Investment: The Municipality is increasing the interest on investments as we envisage to have surplus funds at the beginning of the year into the first two months and hence revenue anticipated to be R4.2 Million.

Interest on outstanding debtors: We expect debtors to take advantage of the debt amnesty and waiving off of interest if they are able to pay a portion of their debt and continue to pay regularly. The Municipality is intending to hike cash collection and hence incentivising customers.

Fines, Penalties and Forfeits: This revenue depends on traffic fines infringements. The Municipality is anticipating to receive R 114 thousand

Licenses and Permits: The Draft Annual Budget for Licence and permit is **R264** thousand.

Transfer and Subsidies: These are the allocations in terms of grants that are gazetted in terms of DORA.

- Equitable share R 195 084 000.00
- Finance Management Grant R 2 800 000.00
- Expanded Public Works Programme R 2 746 000.00
- Provincializations (Library grants) R 5 186 000.00

Other Revenue- The Budget for other revenue is R488 Thousand, Other revenue incorporate hall hire revenue, sale of bid documentation,

1.3.2 Operating Expenditure Framework

The Municipality's expenditure framework for the 2020/21 Draft Annual budget and MTREF is informed by the following:

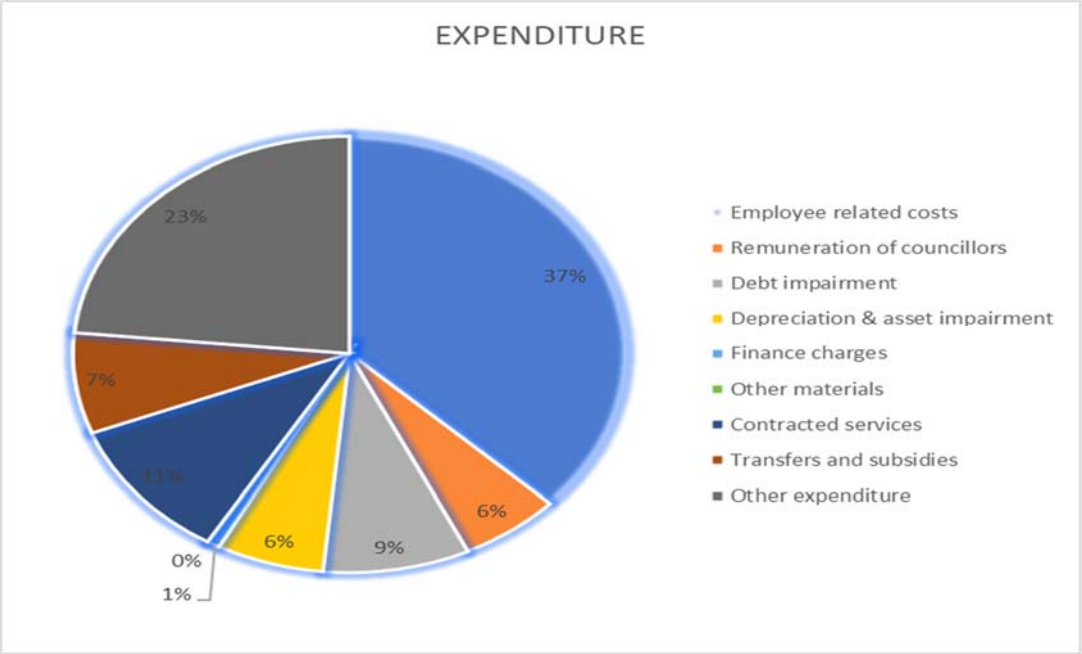
• Related to the above weakness the capital programme carries the risk of not ensuring that the asset renewal strategy and backlog eradication is achieved in this budget;

• Funding of the budget over the Draft medium-term is informed by Section 18 and 19 of the MFMA;

• Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

• Strict adherence to the principle of "no project plans no budget". If there is no business plan no funding allocation can be made.

The following pie chart illustrate the total operating expenditure for the Draft Annual Budget of the 2020/2021 financial year.



The following table is a high-level summary of the 2020/21 Draft MTREF (classified per main type of operating expenditure).

KZN272 Jozini - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Expenditure By Type											
Employee related costs	2	-	80 712	68 447	87 774	93 533	93 533	93 533	93 533	97 835	102 335
Remuneration of councillors		-	13 826	10 303	14 832	14 836	14 836	14 836	14 819	15 500	16 213
Debt impairment	3	-	14 950	363	25 074	21 676	21 676	21 676	21 676	22 673	23 716
Depreciation & asset impairment	2	-	15 732	11 689	18 000	15 733	15 733	15 733	15 733	16 456	17 213
Finance charges		-	1 134	-	-	1 750	1 750	1 750	1 750	1 831	1 915
Other materials	8	-	50	101	120	102	102	102	200	531	878
Contracted services		-	27 882	17 643	26 900	27 819	27 819	27 819	26 480	27 975	29 554
Transfers and subsidies		-	20 549	14 904	14 000	17 579	17 579	17 579	18 840	19 706	20 613
Other expenditure	4, 5	-	45 002	41 214	48 360	52 056	52 056	52 056	59 221	62 419	65 789
Total Expenditure		**-**	**219 838**	**164 665**	**235 059**	**245 082**	**245 082**	**245 082**	**252 250**	**264 926**	**278 227**

Operating Expenditure:

- **Employee Related costs:** The employee related costs are R93.5 Million is because of new posts that the Municipality intends to fill in the year 2019/2020.
- **Remuneration of Councillors**: The Municipality budgeted R14.8 million for councillors' remuneration.
- **Debt Impairment***:* This is because we anticipate to write off more debt
- **Depreciation:** The depreciation is reduced to R15.7 Million because of assets that we intend to dispose of in the current year.
- **Contracted Services:** The municipality budgeted R26.4 million for contracted services.
- **Transfers & Subsidies:** These relate to poverty alleviation projects of 18.8 and other project like free basic electricity.
- **Other Expenditure:** The budget of other expenditure is R59.2 million. The other expenditure consists of all day to day operations. *See the attached working.*
- **Repairs & Maintenance:** The Budget for repairs and maintenance is R7.1 million.

2 Capital Expenditure

The below table illustrate the capital expenditure funded internally and funded by Municipal Infrastructure grant; The Municipality is anticipating to receive **R46 760 000** million for Municipal Infrastructure grant.

Below is the List of all projects funded by Municipal Infrastructure Grants:

PROJECTS	BUDGET
Construction of Manyiseni Youth Centre	7 000 000.00
Construction of Mtshakela / Ekulingeni Access Road	3 000 000.00
Constructon of Ezinhlalavini Access Road	3 000 000.00
Cezwana Youth Centre	4 000 000.00
Construction of Emthojeni Sportsfield	1 000 000.00
Sidekeni Sports Field	500 000.00
Upgrade of Jozini Municipal Offices	6 387 584.00
Upgrading of Mkuze CBD Roads	2 200 000.00
Empileni Community Hall	3 000 000.00
Construction of KwaMbusi Community Hall	3 000 000.00
Construction of KwaPhaweni Community Hall	2 000 000.00
Construction of Nhlangano Commuity Hall	2 000 000.00
Construction of Onaleni Community Hall	1 000 000.00
PMU Consultants	4 672 416.00
Phokweni Community Hall	4 000 000.00
Total	**46 760 000.00**

ELECTRIFICATION PROJECTS

PROJECTS	BUDGET
Majozini/ Maqonjwana Electrification	2 000 000.00
KwaQondile Electrical Connections	4 000 000.00
Mkuze waManzi/ Mshophi Electrical Connections	1 000 000.00
Nhlangano Electrification	7 000 000.00
TOTAL	**14 000 000.00**

Capital Expenditure - Functional											
Governance and administration		8 321	3 115	763	1 609	1 880	1 880	1 880	8 614	9 079	9 569
Executive and council		–	–	177	–	104	104	104	–	–	–
Finance and administration		8 321	3 115	586	1 609	1 776	1 776	1 776	8 614	9 079	9 569
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		15 074	(408)	7 322	10 408	8 824	8 824	8 824	16 075	16 854	17 672
Community and social services		9 934	(2 079)	1 645	4 101	2 517	2 517	2 517	11 125	11 637	12 172
Sport and recreation		5 140	1 671	5 677	6 307	6 307	6 307	6 307	4 950	5 218	5 499
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		3 665	(15 297)	14 089	29 313	30 660	30 660	30 660	28 878	30 372	31 943
Planning and development		29 275	(14 609)	5 185	11 313	7 979	7 979	7 979	20 678	21 795	22 972
Road transport		(25 610)	(688)	8 904	18 000	22 682	22 682	22 682	8 200	8 577	8 972
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		942	–	130	–	100	100	100	17 000	17 918	18 886
Energy sources		–	–	–	–	–	–	–	14 000	14 756	15 553
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		1 360	–	–	–	–	–	–	–	–	–
Waste management		(418)	–	130	–	100	100	100	3 000	3 162	3 333
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	28 002	(12 590)	22 304	41 330	41 464	41 464	41 464	70 567	74 223	78 070
Funded by:											
National Government		(7 087)	(5 030)	20 891	30 394	29 509	29 509	29 509	60 760	63 555	66 478
Provincial Government		–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	6 043	5 248	4 375
Transfers recognised - capital	4	(7 087)	(5 030)	20 891	30 394	29 509	29 509	29 509	66 803	68 803	70 854
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		4 605	1 996	462	1 366	6 730	6 730	6 730	3 764	5 420	7 216
Total Capital Funding	7	(2 482)	(3 034)	21 353	31 760	36 239	36 239	36 239	70 567	74 223	78 070

Cashflow Statement

KZN272 Jozini - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	13 425	11 849	31 523	17 891	29 077	29 077	19 601	20 660	21 775
Service charges		–	3 592	2 463	3 147	3 726	3 726	3 726	1 080	3 897	4 076
Other revenue		–	6 281	4 813	2 734	6 903	3 724	3 724	3 845	3 895	4 075
Government - operating	1	–	181 020	142 877	195 128	203 937	205 532	205 532	206 316	214 987	224 876
Government - capital	1	–	36 761	21 398	37 394	37 394	61 665	61 665	60 760	64 502	67 469
Interest		–	2 815	2 571	13 500	4 270	15 329	15 329	4 270	16 034	16 772
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		–	(166 617)	(137 708)	(177 985)	(188 344)	(223 898)	(223 898)	(194 252)	(234 302)	(245 080)
Finance charges		–	(1 134)	–	–	(1 750)	(1 750)	(1 750)	(1 750)	(1 831)	(1 915)
Transfers and Grants	1	–	–	–	–	–	–	–	(18 840)	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	76 143	48 261	105 440	84 026	93 405	93 405	81 031	87 842	92 048
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		28 002	(12 590)	22 304	41 330	41 464	41 464	41 464	(70 567)	(65 403)	(68 411)
NET CASH FROM/(USED) INVESTING ACTIVITIES		28 002	(12 590)	22 304	41 330	41 464	41 464	41 464	(70 567)	(65 403)	(68 411)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	(500)	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	(36 812)	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	(37 312)	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		28 002	63 553	70 565	146 770	125 490	134 870	97 558	10 464	22 440	23 637
Cash/cash equivalents at the year begin:	2	–	–	–	–	–	–	–	27 837	38 301	60 741
Cash/cash equivalents at the year end:	2	28 002	63 553	70 565	146 770	125 490	134 870	97 558	38 301	60 741	84 378

The statement below indicates the funding position for the municipality.

After taking into account all the collection from property rates, service charges, Rental of facilities Interest earned on investments, Fines and penalties, licences and permits, all transfers and subsidies to the municipality and other revenue; Set off against operational and Capital expenditure. The Municipality will remain with **R38.3** million then set off retention monies, outstanding trade and other payables, Unspent conditional grants which is not expected to be more than what is reflected in the audited set of annual financial statements and provisions.

Balance Sheet

KZN272 Jozini - Table A6 Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Current assets											
Cash		(42 809)	25 063	(1 408)	30 211	(236 103)	(236 103)	808	27 837	29 340	30 924
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	–	–	–	–	–	–	–	69 551	73 307	77 266
Other debtors		12 257	(782)	6 455	848	15 848	15 848	22 358	14 493	15 160	15 857
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	–	–	–	–	–	–	–	–	–	–
Total current assets		(30 552)	24 281	5 047	31 059	(220 255)	(220 255)	23 165	111 881	117 807	124 047
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		169	(169)	–	–	–	–	169	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	–	–	–	–	–	–	–	342 065	360 536	380 005
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		(273)	(267)	(229)	893	893	893	559	793	829	867
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		169	(169)	(273)	(267)	(229)	893	1 062	342 957	361 095	380 798
TOTAL ASSETS		(30 383)	24 112	4 774	30 792	(220 484)	(219 362)	24 227	454 839	478 903	504 845
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	–	–	–	–	–	–	22 408	23 618	24 893
Consumer deposits		(1)	(725)	(20)	–	(450)	(450)	–	500	523	547
Trade and other payables	4	–	–	–	–	–	–	–	53 176	56 047	59 074
Provisions		(19 625)	(9 136)	(170)	(16 689)	(19 707)	(19 707)	–	22 408	23 439	24 517
Total current liabilities		(19 627)	(9 861)	(190)	(16 689)	(20 157)	(20 157)	–	98 492	103 627	109 031
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		–	–	–	–	–	–	–	1 000	1 054	1 111
Total non current liabilities		–	–	–	–	–	–	–	1 000	1 054	1 111
TOTAL LIABILITIES		(19 627)	(9 861)	(190)	(16 689)	(20 157)	(20 157)	–	99 492	104 681	110 142
NET ASSETS	5	(10 757)	33 973	4 965	47 481	(200 326)	(199 205)	24 227	355 347	374 221	394 703
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		(16 725)	(67)	6 319	(313 774)	(292 169)	(292 169)	2 394	355 347	374 221	394 703
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	(16 725)	(67)	6 319	(313 774)	(292 169)	(292 169)	2 394	355 347	374 221	394 703

The above Table Illustrate the Financial position of the Municipality

PART 2

2.1 Overview on Draft Annual Budget process

The below Table was tabled to council before the 30th of August 2019 and was approved.

NO	DESCRIPTION OF ACTIVITY	TARGET DATE
1.	Commence the Planning for 2020/21 budget, reviews of IDP and Budget policies and consultation- review previous year's budget evaluation checklist, council delegations and budget time schedule of key deadlines	31 August 2019
2.	Commence Planning to review delegations and all budget related policies including the review of tariffs, credit control, supply chain and cash management/ investment policies, funding and reserves policies, long term financial planning, borrowings policy, infrastructure investment and capital projects policy, asset disposal policy, indigent policy, ect.	31 August 2019
3.	Tabling of the Process plan to Council.	31 August 2019
4.	Advertise budget/ IDP time schedule for public knowledge	7 September 2019
5.	Submission of Quarter 1 PMS report to Internal Audit.	15 September 2019
6.	Commence the process of review of the IDP and service delivery mechanism	September 2019
7.	Commence the process of determining strategic objectives that are measurable for service delivery and development including backlogs for next three-year budget.	September 2019
8.	Implement budget and IDP time schedule of key deadlines	30 September 2019
9.	Submission of quarter one report (Section 52 d) to the mayor	17- September 2019
10.	Conclude initial consultation and review, confirm priorities, identify other financial and non-financial budget parameters including government allocations to determine revenue envelope and financial outlook to identify need to review fiscal strategies.	31 October 2019
11.	Commence preparation of departmental strategies, operational plans and Service Delivery and Budget Implementation Plan (SDBIP) aligned to strategic priorities in the IDP and inputs from other stakeholders including government and bulk service providers and National Energy Regulator (NER)	01 October 2019
12.	Commence community and stakeholder consultation process, review inputs, financial models, assess impact on tariffs and charges and consider funding decisions.	October 2019

13.	Conclude first budget draft policies for initial council discussions at the Strategic planning session.	31 October 2019
14.	Complete the community and stakeholder consultation process.	19 October 2019
15.	Conduct a strategic planning session	27- 30 November 2019
16.	Finalise first draft of departmental strategies, operational plans for review against strategic priorities.	15 December 2019
17.	Adjust estimates based on plans and resources.	15 December 2019
18. - 50	Finalise inputs from bulk resource providers and agree on proposed price increase	12 January 2020
19.	Review whether all bulk resource providers have lodged a request with National Treasury and SALGA seeking comments on proposed price increases of bulk resources.	12 January 2020
20.	Submission of Quarter 2 PMS report to Internal Audit.	19 January 2020
21.	Submission of quarter two report (Section 52 d) to the mayor	19 January 2020
22.	Note the President's State of the Nation Address (SONA) for further budget priorities informed by National priorities per SONA.	31 January 2020
23.	Submit mid -year performance assessment	24 January 2020
24.	Finalise detailed operating and capital budgets and IDP in the prescribed formats by National Treasury and COGTA with all supporting schedules substantially completed including budget assumptions, overview of budget process plan etc incorporating National and Provincial budget allocations, integrate and align to IDP document and finalise all budget related policies. Obtain the budget checklist from PT and COGTA to check against the municipal draft budget and IDP to ensure that all necessary information accompanying the budget and IDP is of a good quality.	31 January 2020
25.	Ensure internal analysis of financial and non-financial performance over year are prepared, analyse gaps between actual and planned performance, assess impact of plans. Determine financial position and assess financial capacity against future strategies.	31 January 2020
26.	Report to Council on status of the draft 2019/20 IDP and Budget including the tabling of capital projects and delayed projects to be approved by Council for consideration in the budget for 2019/20, 2017/18 Annual Report (i.e. including 2017/18 Annual Financial Statements, Auditor General's Report) and summarise overall findings of previous year's Annual Performance Report- reinforce upcoming process for budget approval and oversight.	31 January 2020
27.	Finalise the Budget Adjustment	21 February 2020

28.	Receive budgeted plans and projects from the Sector departments.	February 2020
29.	Note the State of the Province Address (SOPA) by the Premier for further Provincial Priorities to be considered.	28 February 2020
30.	Commence the preparation of all MIG funded capital projects business plans, designs, etc to ensure timely commencement of implementation and prepare cash flow projections per each capital project and plan for the early commencement of their actual construction.	01 March 2020
31.	Receive notification of any transfers (if any) that will be made to the municipality from other municipalities in each of the next three financial years.	16 March 2020
32.	Receive bulk resource providers' price increases as tabled in Parliament or Provincial Legislature.	16 March 2020
33.	Receive revised budget from sector departments.	21 March 2020
34.	Incorporate changes (if any) from sector departments and municipalities.	
35.	Consider the salary increment in budget of employees emanating from agreements between SALGA and municipal unions and expected upper limits of Councillors.	21 March 2020
36.	Table the draft budget with all documents and all budget related policies to the Steering Committee for inputs	14 March 2020
37.	Distribute the agenda for Draft Budget and IDP together with supporting documents	20 March 2020
38.	Tabling of draft Budget and IDP to Council.	31 March 2020

2.2 Overview of Alignment of Draft Annual Budget with Integrated Development Plan

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process. Municipalities in South Africa need to utilise integrated development planning as a method to plan future developments in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all

those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality. It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Jozini Local Municipality, issues of national and provincial importance are reflected in the IDP of Jozini Local municipality. The Jozini Local Municipality has a clear understanding of such intent, and is therefore consistently ensuring that strategically it complies with the key national and provincial priorities. The IDP drives the strategic development of the Jozini Local Municipality. The Municipality's budget is fully influenced by the strategic objectives identified in the IDP. The service delivery budget implementation plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets. The performance of the Municipality is tabled in its Annual report.

2.3 Measurable Performance Objectives and Indicators

Legislative requirements Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers. The Municipal Planning and Performance Management Regulations (2001) stipulates that a "municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring , measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players" (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001). Section 46 of the Municipal Systems Act (Act 32 of 2000), stipulates the following: - "Annual performance reports 46.

(1) A municipality must prepare for each financial year a performance report reflecting –

(a) the performance of the municipality and of each external service provider during that financial year;

(b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and

(c) measures taken to improve performance.

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act." Performance Management framework. The Organisational Performance Management function of Jozini Local Municipality is delivered by an internal Performance Management Unit within the Office of the Municipal Manager. The Performance Management unit consists of two permanent employees, i.e. one post of Manager: Performance Management and one post of Performance Management Officer.

2.4 Overview of Draft Budget related policies

The following policies were taken into consideration when preparing the Draft Annual Budget 2020_21.

- Property Rates Policy;
- Fraud Prevention policy
- Review of credit control and debt collection procedures/policies
- Asset Management, Infrastructure Investment and Funding Policy
- Supply Chain Management Policy
- Virement Policy
- Investment, Working Capital and Capital Replacement Reserves Policy
- Tariff of Charges Policy

2.4 Overview of Draft Budget Assumptions

Overview of budget assumptions

2.4.1 External factors Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality finances

2.4.2 General inflation outlook and its impact on the municipal activities. There are five key factors that have been taken into consideration in the compilation of the 2020/21 Draft Annual MTREF:

• National Government macro-economic targets as per MFMA circular 89 and 91

• The general inflationary outlook and the impact on Municipality residents and businesses.

• The impact of municipal cost drivers

• The increase in the cost of remuneration and Employee related costs comprise 42 per cent of total operating expenditure in the 2020/21 Draft MTREF.

2.4.3 Collection rate for revenue services. The base assumption is that tariff and rating increases will increase at a rate higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is currently expressed as a 52 per cent of annual billings. Cash flow is assumed to be 52 per cent of billings.

2.4.4 The Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 through the South African Local Government Bargaining Council Circular No. 6 of 2018 should be used when budgeting for employee related costs for the 2019 MTREF.As per circular 93 Municipalities are encouraged to perform an annual head count and payroll verification process by undertaking a once a year manual salary disbursement, in order to root out ghost employees. An annual increase of 7 per cent and 6.4 per cent has been included in the two outer years of the MTREF.

2.4.5 Impact of national, provincial and local policies Integration of service delivery between national, provincial and local government is critical to ensure focussed

service delivery and, in this regard, various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

• Implementing growth-enhancing economic reforms

• Reprioritising public spending to support economic growth and job creation

• Establishing an infrastructure fund

• Addressing urgent matters in education and health

• Investing in municipal social infrastructure improvement

2.5 Overview of Draft Annual Budget Funding

The Draft Annual Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the Draft Medium term for the financial year 2020/2021.

KZN272 Jozini - Table A4 Budgeted Financial Performance (revenue and expendi

Description	Ref	2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source				
Property rates	2	29 077	30 414	31 814
Service charges - refuse revenue	2	3 726	3 897	4 076
Rental of facilities and equipment		849	888	929
Interest earned - external investments		4 270	4 467	4 672
Interest earned - outstanding debtors		11 059	11 568	12 100
Fines, penalties and forfeits		114	119	124
Licences and permits		2 395	2 505	2 620
Transfers and subsidies		206 316	215 807	225 734
Other revenue	2	488	510	534
Transfers and subsidies - capital		60 760	63 555	66 478
Total Revenue (excluding capital transfers and contributions)		319 053	333 729	349 081

Breakdown of operating revenue over the 2020/21 Adjustment MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from Operating grants, Property rates organs of state and other minor charges (Rent, Interest on External Investment fines and licenses and permits etc.).

2.6 Expenditure on Allocations and grant programme

KZN272 Jozini - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		158 008	166 340	164 686	187 642	187 642	187 642	214 630	227 586	235 209
Local Government Equitable Share		134 845	146 284	159 965	181 990	181 990	181 990	195 084	209 586	222 009
Finance Management		1 825	1 900	2 751	2 435	2 435	2 435	2 800	3 000	3 200
Integrated National Electrification Programme		18 000	15 000	–	–	–	–	14 000	15 000	10 000
EPWP Incentive		3 338	3 156	1 970	3 217	3 217	3 217	2 746	–	–
Provincial Government:		871	1 938	5 787	6 186	6 186	6 186	5 186	5 517	7 338
Provincialisation of Library		871	1 938	5 787	6 186	6 186	6 186	5 186	5 517	7 338
District Municipality:		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	158 879	168 278	170 473	193 828	193 828	193 828	219 816	233 103	242 547
Capital Transfers and Grants										
National Government:		35 689	38 003	36 687	37 394	37 394	37 394	46 760	40 174	42 380
Municipal Infrastructure Grant (MIG)		35 689	38 003	36 687	37 394	37 394	37 394	46 760	40 174	42 380
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	35 689	38 003	36 687	37 394	37 394	37 394	46 760	40 174	42 380
TOTAL RECEIPTS OF TRANSFERS & GRANTS		194 568	206 281	207 160	231 222	231 222	231 222	266 576	273 277	284 927

2.8 Allocations and grants made by the Municipality

There are no grants and allocations made by Jozini local Municipality

2.9 Councillors Allowances and Employee benefits

- The **Remuneration of councillors** increased by 4.6 percent on the Draft Annual budget compared to the Final budget of R14.8 million of 2020_21 Financial year, this is due to the upper limits.
- The **Senior Managers** of the Municipality budgeted R8.7 million on the draft budget of 2020_21 and, there are no vacant posts for Senior Managers.
- For other **Municipal staff** the draft budget for 2020_21 is R84.8 million and the Draft budget for 2022 and 2023 is 88.7 million and 92.7 million.

KZN272 Jozini - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		–	9 256	6 864	13 232	9 988	9 988	9 988	10 447	10 928
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	–	–	–	–	–	–	–	–
Cellphone Allowance		–	1 636	1 193	1 600	1 678	1 678	1 661	1 738	1 818
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	2 934	2 247	–	3 170	3 170	3 170	3 315	3 468
Sub Total - Councillors		–	13 826	10 303	14 832	14 836	14 836	14 819	15 500	16 213
% increase	4		–	(25.5%)	44.0%	0.0%	–	(0.1%)	4.6%	4.6%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		–	3 570	3 866	10 609	6 182	6 182	6 182	6 467	6 764
Pension and UIF Contributions		–	7	8	35	11	11	11	11	12
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	–	104	643	–	1 780	1 780	1 780	1 862	1 948
Cellphone Allowance	3	–	72	80	66	105	105	105	110	115
Housing Allowances	3	–	237	396	279	495	495	495	518	542
Other benefits and allowances	3	–	64	113	–	145	145	145	151	158
Payments in lieu of leave		–	61	–	212	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		–	4 114	5 106	11 202	8 719	8 719	8 719	9 120	9 539
% increase	4		–	24.1%	119.4%	(22.2%)	–	–	4.6%	4.6%
Other Municipal Staff										
Basic Salaries and Wages		–	47 845	38 137	47 325	50 307	50 307	50 307	52 622	55 042
Pension and UIF Contributions		–	6 301	5 581	7 821	7 400	7 400	7 400	7 740	8 097
Medical Aid Contributions		–	2 849	2 551	9 143	3 294	3 294	3 294	3 446	3 604
Overtime		–	4 219	4 065	348	5 576	5 576	5 576	5 832	6 100
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	–	6 490	5 967	4 543	8 501	8 501	8 501	8 892	9 301
Cellphone Allowance	3	–	104	28	8	38	38	38	40	42
Housing Allowances	3	–	242	216	23	287	287	287	300	314
Other benefits and allowances	3	–	6 636	6 377	5 649	8 952	8 952	8 952	9 364	9 794
Payments in lieu of leave		–	1 622	258	1 711	370	370	370	387	404
Long service awards		–	290	162	–	89	89	89	93	97
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff		–	76 598	63 341	76 572	84 814	84 814	84 814	88 715	92 796
% increase	4		–	(17.3%)	20.9%	10.8%	–	–	4.6%	4.6%
Total Parent Municipality		–	94 538	78 751	102 606	108 368	108 368	108 351	113 335	118 549
			–	(16.7%)	30.3%	5.6%	–	(0.0%)	4.6%	4.6%

Monthly Targets for revenue and Expenditure

KZN272 Jozini - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source																
Property rates		2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	29 077	30 414	31 814
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		310	310	310	310	310	310	310	310	310	310	310	310	3 726	3 897	4 076
Rental of facilities and equipment		71	71	71	71	71	71	71	71	71	71	71	71	849	888	929
Interest earned - external investments		356	356	356	356	356	356	356	356	356	356	356	356	4 270	4 467	4 672
Interest earned - outstanding debtors		922	922	922	922	922	922	922	922	922	922	922	922	11 059	11 568	12 100
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		9	9	9	9	9	9	9	9	9	9	9	9	114	119	124
Licences and permits		200	200	200	200	200	200	200	200	200	200	200	200	2 395	2 505	2 620
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		17 193	17 193	17 193	17 193	17 193	17 193	17 193	17 193	17 193	17 193	17 193	17 193	206 316	215 807	225 734
Other revenue		41	41	41	41	41	41	41	41	41	41	41	41	488	510	534
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributi		21 524	21 524	21 524	21 524	21 524	21 524	21 524	21 524	21 524	21 524	21 524	21 524	258 293	270 174	282 603
Expenditure By Type																
Employee related costs		7 794	7 794	7 794	7 794	7 794	7 794	7 794	7 794	7 794	7 794	7 794	7 794	93 533	97 835	102 335
Remuneration of councillors		1 235	1 235	1 235	1 235	1 235	1 235	1 235	1 235	1 235	1 235	1 235	1 235	14 819	15 500	16 213
Debt impairment		1 806	1 806	1 806	1 806	1 806	1 806	1 806	1 806	1 806	1 806	1 806	1 806	21 676	22 673	23 716
Depreciation & asset impairment		1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	1 311	15 733	16 456	17 213
Finance charges		146	146	146	146	146	146	146	146	146	146	146	146	1 750	1 831	1 915
Bulk purchases		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials		600	600	600	600	600	600	600	600	600	600	600	(6 400)	200	531	878
Contracted services		3 085	3 085	3 085	3 085	3 085	3 085	3 085	3 085	3 085	3 085	3 085	(7 450)	26 480	27 975	29 554
Transfers and subsidies		1 570	1 570	1 570	1 570	1 570	1 570	1 570	1 570	1 570	1 570	1 570	1 570	18 840	19 706	20 613
Other expenditure		5 953	5 953	5 953	5 953	5 953	5 953	5 953	5 953	5 953	5 953	5 953	(6 259)	59 221	62 419	65 789
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		23 500	23 500	23 500	23 500	23 500	23 500	23 500	23 500	23 500	23 500	23 500	(6 247)	252 250	264 926	278 227
Surplus/(Deficit)		(1 975)	(1 975)	(1 975)	(1 975)	(1 975)	(1 975)	(1 975)	(1 975)	(1 975)	(1 975)	(1 975)	27 771	6 043	5 248	4 375
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		5 063	5 063	5 063	5 063	5 063	5 063	5 063	5 063	5 063	5 063	5 063	5 063	60 760	63 555	66 478
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	32 834	66 803	68 803	70 854
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	3 088	32 834	66 803	68 803	70 854

MONTHLY PROJECTIONS FOR CASHFLOW

KZN272 Jozini - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Receipts By Source													1		
Property rates	734	380	1 095	2 026	2 004	2 000	3 088	3 406	1 217	1 217	1 217	1 217	19 601	20 660	21 775
Service charges - refuse revenue	78	68	233	124	112	112	77	137	34	34	34	34	1 080	3 897	4 076
Rental of facilities and equipment	95	24	61	48	43	182	244	54	25	25	25	25	849	888	929
Interest earned - external investments	397	714	513	418	317	422	189	307	248	248	248	248	4 270	11 568	12 100
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	4 467	4 672
Fines, penalties and forfeits	10	6	16	11	10	4	12	7	9	9	9	9	114	119	124
Licences and permits	200	200	200	200	200	200	200	200	200	200	200	200	2 395	2 505	2 620
Transfer receipts - operational	100 342	4 466	–	–	58 525	2 593	–	40 390	–	–	–	–	206 316	214 987	224 876
Other revenue	41	41	41	41	41	41	41	41	41	41	41	41	488	384	401
Cash Receipts by Source	101 897	5 897	2 157	2 868	61 252	5 553	3 851	44 542	1 774	1 774	1 774	1 774	235 113	259 473	271 574
Other Cash Flows by Source															
Transfer receipts - capital	27 000	–	–	–	27 000	–	–	6 760	–	–	–	–	60 760	64 502	67 469
Total Cash Receipts by Source	128 897	5 897	2 157	2 868	88 252	5 553	3 851	51 302	1 774	1 774	1 774	1 774	295 873	323 974	339 043
Cash Payments by Type															
Employee related costs	7 794	7 794	7 794	7 794	7 794	7 794	7 794	7 794	7 794	7 794	7 794	7 794	93 533	97 835	102 335
Remuneration of councillors	1 235	1 235	1 235	1 235	1 235	1 235	1 235	1 235	1 235	1 235	1 235	1 235	14 819	15 500	16 213
Finance charges	146	146	146	146	146	146	146	146	146	146	146	146	1 750	1 831	1 915
Other materials	17	17	17	17	17	17	17	17	17	17	17	17	200	7 531	7 878
Contracted services	2 207	2 207	2 207	2 207	2 207	2 207	2 207	2 207	2 207	2 207	2 207	2 207	26 480	38 717	40 498
Transfers and grants - other	1 570	1 570	1 570	1 570	1 570	1 570	1 570	1 570	1 570	1 570	1 570	1 570	18 840	–	–
Other expenditure	4 935	4 935	4 935	4 935	4 935	4 935	4 935	4 935	4 935	4 935	4 935	4 935	59 221	74 718	78 155
Cash Payments by Type	17 903	17 903	17 903	17 903	17 903	17 903	17 903	17 903	17 903	17 903	17 903	17 903	214 841	236 132	246 994
Other Cash Flows/Payments by Type															
Capital assets	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	70 567	65 403	68 411
Total Cash Payments by Type	23 784	23 784	23 784	23 784	23 784	23 784	23 784	23 784	23 784	23 784	23 784	23 784	285 409	301 535	315 405
NET INCREASE/(DECREASE) IN CASH HELD	105 113	(17 887)	(21 627)	(20 917)	64 468	(18 231)	(19 933)	27 518	(22 010)	(22 010)	(22 010)	(22 010)	10 464	22 440	23 637
Cash/cash equivalents at the month/year begin:	27 837	132 950	115 063	93 437	72 520	136 988	118 758	98 825	126 342	104 332	82 322	60 311	27 837	38 301	60 741
Cash/cash equivalents at the month/year end:	132 950	115 063	93 437	72 520	136 988	118 758	98 825	126 342	104 332	82 322	60 311	38 301	38 301	60 741	84 378

2.11 Annual Budget and Service Delivery and Budget Implementation internal Departments

See Attached

2.12 Contracts having Future Budgetary Implications

List of contracts with Future budgetary implication

- Financial system support
- Asset Management support
- Valuation roll support
- VIP payroll System
- Server Support system
- Fleet Management
- Telephone System
- Cell phone Contract
- Lease contract

2.13 Capital Expenditure details

The below table illustrate the capital expenditure funded internally and funded by Municipal Infrastructure grant; The Municipality is anticipating to receive **R46 760 000** million for Municipal Infrastructure grant.

PROJECTS	BUDGET
Construction of Manyiseni Youth Centre	7 000 000.00
Construction of Mtshakela / Ekulingeni Access Road	3 000 000.00
Constructon of Ezinhlalavini Access Road	3 000 000.00
Cezwana Youth Centre	4 000 000.00
Construction of Emthojeni Sportsfield	1 000 000.00
Sidekeni Sports Field	500 000.00
Upgrade of Jozini Municipal Offices	6 387 584.00
Upgrading of Mkuze CBD Roads	2 200 000.00
Empileni Community Hall	3 000 000.00
Construction of KwaMbusi Community Hall	3 000 000.00
Construction of KwaPhaweni Community Hall	2 000 000.00
Construction of Nhlangano Commuity Hall	2 000 000.00
Construction of Onaleni Community Hall	1 000 000.00
PMU Consultants	4 672 416.00
Phokweni Community Hall	4 000 000.00
Total	**46 760 000.00**

Above is the List of all projects funded by Municipal Infrastructure Grants:

2.14 Legislation Compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipalities website.

2. Internship programme The Jozini Local Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office: The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee: An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan The detail SDBIP document is at a draft stage and will be finalised after approval of the 2020/21 MTREF in May 2020 directly aligned and informed by the 2020/21 MTREF.

6. Annual Report is compiled in terms of the MFMA and National Treasury requirements.

8. MFMA Training :6 Municipal employee are attending the MFMA training and will be completing on this current financial year.6 other Municipal employee will attend training in 2020_21 financial year.

2.15 Other Supporting Documents

- *See Attached A Schedule*
- *Budget Workings*

2.16 Conclusion.

2.16.1. The Municipality considered Provincial Treasury comments on Mid-year Budget review and Performance Assessment when preparing this analysis report, and were accordingly tabled to council on the 26th of February 2020.The Municipality could

not consider the comments of Adjustment budget due to unavailability of the report from treasury.

2.16.2. This report has been prepared in terms of Municipal Budget reporting and regulations. And all reasonable steps have been taken to ensure that this municipal Draft Annual budget for 2020-21 Financial year is accordingly funded

2.17 Municipal Manager quality Certificate

.

.

QUALITY CERTIFICATE

I, **JA MNGOMEZULU MUNICIPAL MANAGER** of the Jozini Local Municipality, hereby certify that the section 16 report for the period ending 31 March 2020 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: ……...

Municipal Manager of the Jozini Local Municipality

Signature: _____

Date: _____